ICMA-ISDA Workshops on the Common Domain Model (CDM) for repos and bonds

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Introduction

- Following the meeting of the European Repo and Collateral Council (ERCC) in November 2019, it was agreed to explore the development of ISDA's Common Domain Model (CDM) for repos and bonds.

- In collaboration with ISDA and Regnosys, ICMA held three workshops in January, February and March modelling in the CDM:
    - o Features of open repos
    - o Repo interest payments
    - o Transfer of cash and collateral of both legs

- The aim of the workshops was to demonstrate the practical benefits of a consistent data model in machine-readable format, using a hands-on format and providing a real-time implementation.
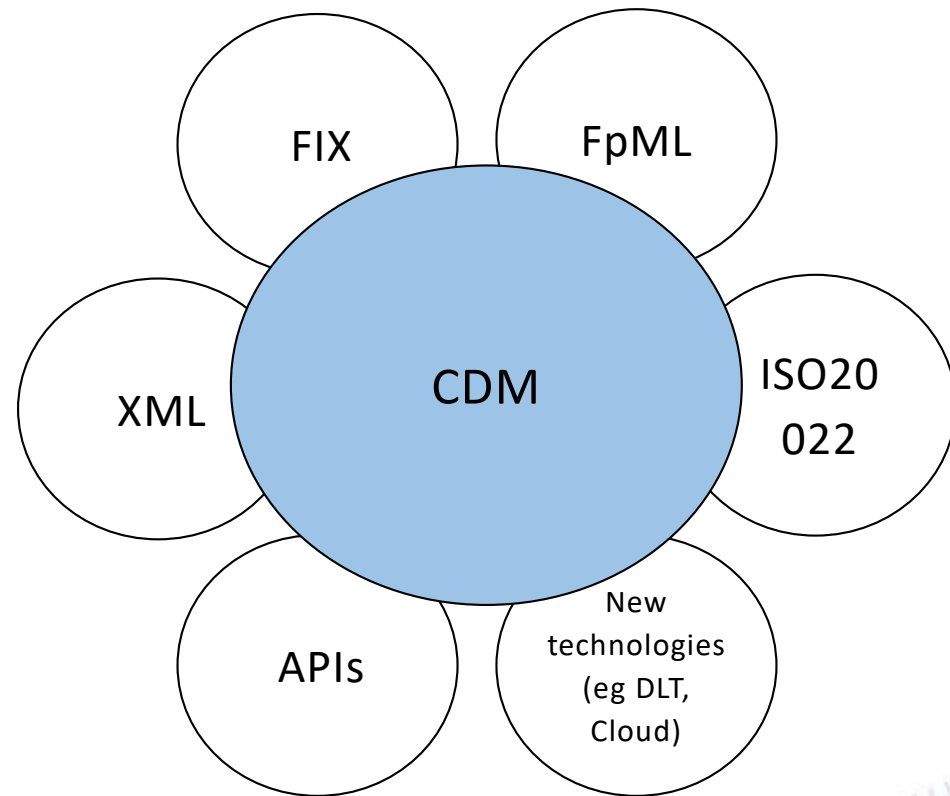
Going back a step - What is the ISDA Common Domain Model (CDM)?
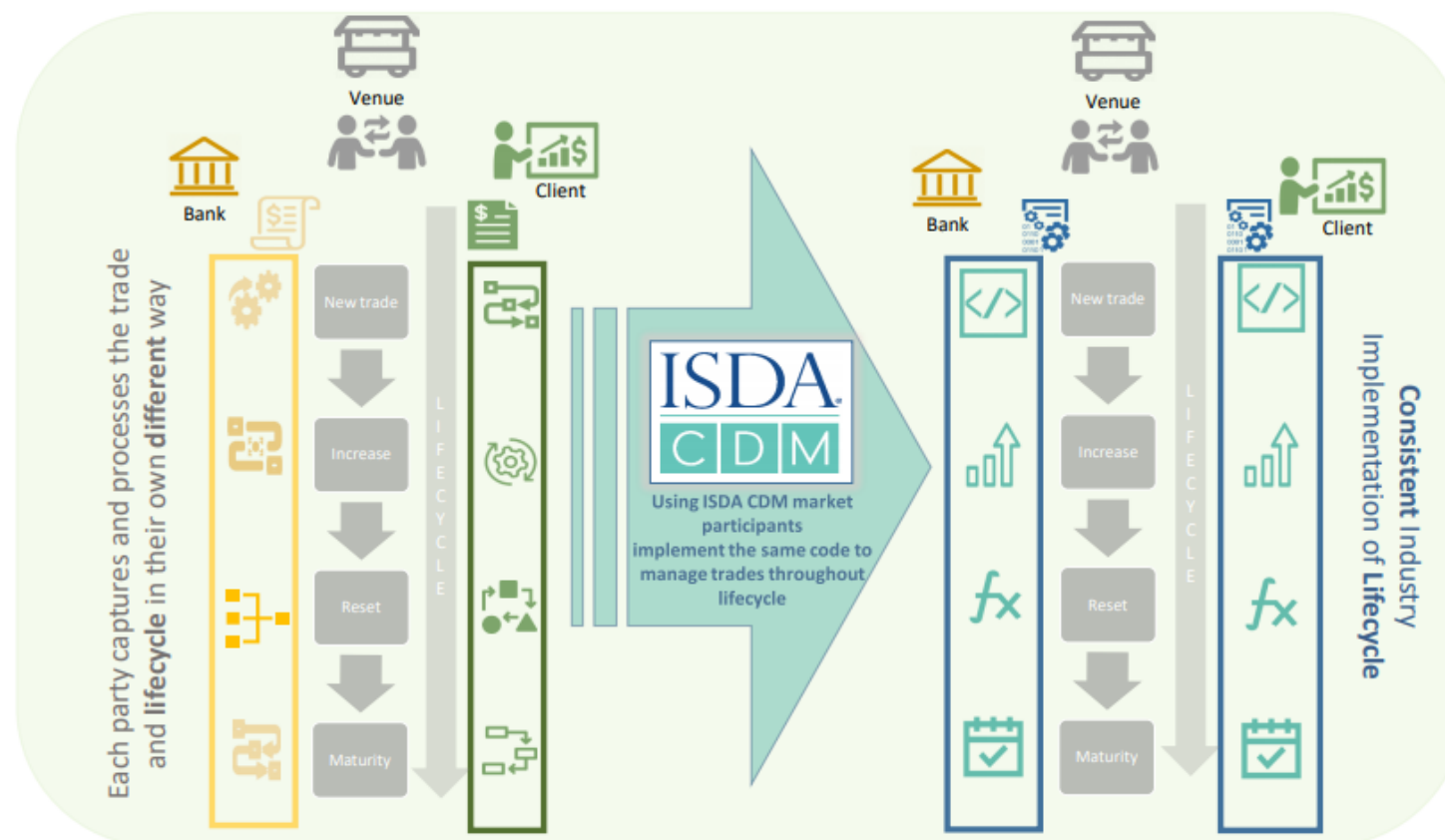
CDM – interface with existing standards and enabler of solutions

FIX

FpML

XML

CDM

ISO20
022

APIs

New
technologies
(eg DLT,
Cloud)

Selected commonalities & gaps between derivatives and repos in the CDM

CDM lifecycle components & terminology	Derivatives	Repo	Gaps
Cash Transfer event Security Transfer event	Interest payment	Cash leg and Securities leg (DvP)	Securities-related cashflows (eg issuance, coupon payments, redemption)
Exercise event Cancellable provision	Swaption Call option in a swap	Termination of an open repo	Different processes and underlying logic (eg notice periods, exercise date, expiry dates)
Terms/Price Change event	Equity swap reset	Re-rate of an open repo	Price notations: initial price, haircut, repo rate
n/a	n/a	Collateral substitution	Specific to repo
ISDA documentation	Eg Master agreement, CSAs	GMRA	GMRA product definitions and terminology (eg "contract" vs "variation in terms")

Next steps

- Create a roadmap for the development of the CDM for repos
  - o Conduct a comprehensive gap analysis between (i) existing components in the CDM that can be re-used for modelling repos and bonds, and (ii) components that will have to be newly developed
  - o Take into account relevant components in FpML for repos as well as other relevant standards (ISO 20022, FIX).

- Test data samples or data schemas are critical to understand the different permutations of data representations in member firms' internal systems.

- Member firms who are willing to commit time and resources for the development of the CDM for repo are invited to reach out to ICMA.

Further information

- Supporting materials of the workshops and background information can be found on ICMA's website:

  https://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/repo-and-collateral-markets/fintech/common-domain-model-cdm/

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